Government of Saskatchewan

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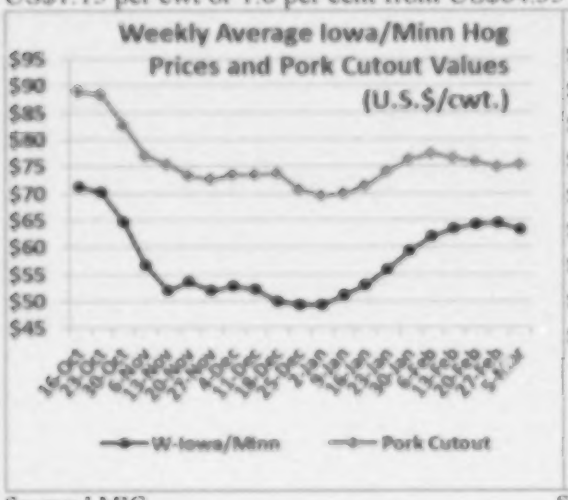
Weekly Hog Report

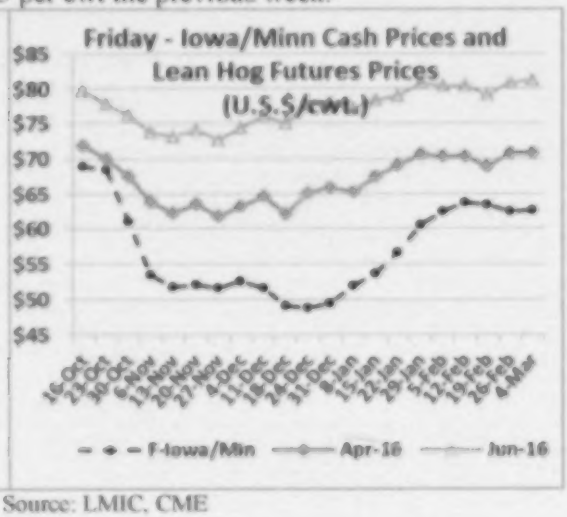
March 7, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged higher early in the week before declining and holding on to small gains, week-over-week. Hog prices on Friday March 4 averaged US$62.60 per cwt, up US$0.19 per cwt from US$62.41 per cwt the previous Friday. The negotiated base price last week averaged US$63.20 per cwt, down US$1.15 per cwt or 1.8 per cent from US$64.35 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

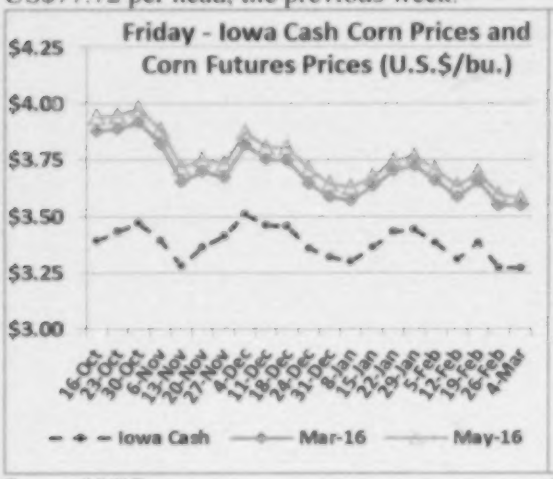
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday March 4, 2016 was $155.14 per ckg, down $6.18 per ckg or 3.8 per cent from $161.32 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $155.36 per ckg, down $4.17 per ckg or 2.6 per cent from the previous weeks' average price of $159.53 per ckg. The Canadian dollar continued higher on stronger financial markets last week and closed Friday at 75.05 cents, up 1.05 cents from 74.00 the previous Friday.

Futures Markets

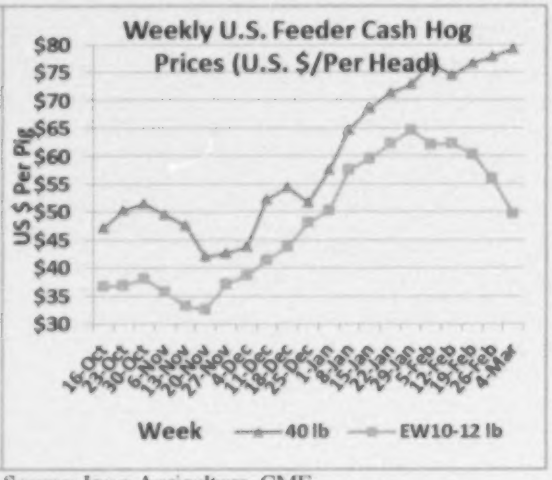
United States lean hog futures daily prices were mixed over the week but relatively unchanged, week-over-week. The nearby April 2016 contract declined only five cents (US$0.05) per cwt last week to settle Friday at US$70.80 per cwt, while the June 2016 contract increased US$0.375 per cwt to settle Friday at US$81.225 per cwt. The April contract settled Friday almost US$8 per cwt higher than current cash slaughter weight hog prices, while the June lean hog futures contract settled over US$18 per cwt higher than the cash prices.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were again mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$49.70 per head, down US$4.31 per head from US$56.04 per head the previous week. Feeders (40lb) were US$79.05 per head, up $1.24 per head from US$77.72 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices were relatively unchanged, week-over-week. Iowa cash corn prices were steady with prices ending Friday at US$3.27 per bushel, unchanged week-over-week. U.S. daily corn futures prices were mixed over the week and ended the week mixed but overall unchanged. The March 2016 corn contract was unchanged week-over-week to settle Friday at $3.54½ per bushel, while the May 2016 corn contract declined just over one cent to settle Friday at US$3.58¼ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending March 5 were estimated 2.225 million head, up 0.6 per cent from 2.211 million head the previous week, and up 0.5 per cent from 2.213 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending March 5 averaged 2.250 million head per week, up 0.3 per cent from 2.243 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Feb. 27, 2016 were estimated at 414,367 head, up 4.5 per cent from 396,369 head the previous week, and up 4.8 per cent from 395,509 head the same week a year ago. Canadian hog slaughter numbers over the last eight weeks averaged 426,849 head, up 4.8 per cent from 407,160 head over the same eight weeks in 2015.

In Western Canada, hogs slaughtered over the week ending February 27, 2016 were estimated at 170,735 head, up 8.9 per cent from 156,705 head the previous week, and up 7.2 per cent from 159,332 head the same week a year ago. Hog slaughter numbers over the last four weeks averaged 164,676 head, down 1.6 per cent from 167,320 head the same period in 2015.

Meat Production

U.S. pork production for the week ending March 5, 2016 was estimated at 472.7 million lb., up 0.5 per cent from 470.1 million lb. the previous week, but down slightly from 473.6 million lb. the same week a year ago. Pork production over the last four week's ending March 5 was estimated to average 478.4 million lb., down 0.5 per cent from 480.8 million lb. over the same four week period a year ago.

U.S. beef production for the week ending March 5 was estimated at 440.1 million lb., down 0.5 per cent from 442.5 million lb. the previous week, but up 0.6 per cent from 437.4 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending February 27, 2016, was estimated to average 2.018 billion lb., up 2.7 per cent from 1.965 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up about 2.4 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Feb. 27) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	483.7	475.8	-1.6%	0.7%
Beef	436.1	442.4	1.5%	2.5%
Chicken	920.3	974.6	5.9%	3.6%
Turkey	125.2	125.1	-0.1%	-0.6%
Total	**1,965.2**	**2,017.9**	**2.68%**	**2.39%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending March 5, 2016 averaged US$75.24 per cwt, up US$0.31 per cwt or 0.4 per cent from US$74.93 per cwt the previous week, and up 8.8 per cent from US$69.15 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending March 5, 2016 averaged US$219.22 per cwt, up 1.2 per cent from US$216.51 per cwt the previous week, but down 11.9 per cent from US$248.91 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending March 5, 2016 averaged US$101.99 per cwt, down 2.8 per cent from US$104.96 per cwt the previous week, and down 24.7 per cent from US$135.46 per cwt the same week a year ago.

Canadian Hog Inventory

Statistics Canada released the January 1, 2016 hog inventory numbers last week. Total inventory of hogs in Canada for January 1, 2016, was estimated to be 13,260,000 head, up 0.7 per cent from 13,165,000 head on January 1, 2015.

The Canadian market herd inventory on January 1, 2016, was estimated at 12,022,000 head, up 0.6 per cent from 11,946,900 head on January 1, 2015. Market inventory numbers have increased from a year ago in all weight classes.

The Canadian breeding herd, consisting of sows and bred gilts, was estimated at 1,214,600 head on January 1, 2016, up 1.6 per cent from 1,194,900 head on January 1, 2015. (Source: Statistics Canada) The numbers continue to indicate some small growth in the Canadian hog industry.

In Saskatchewan, total hog inventory as of January 1, 2016, was estimated at 1,175,000 head, up 0.9 per cent from 1,165,000 head on January 1, 2015. Sow and bred gilt inventory as of January 1, 2016, was 103,500 head, up 5.1 per cent from 98,500 head a year ago. Increased sow numbers primarily through repopulation of existing larger sow barns should help increase the number of hogs marketed in Saskatchewan in 2016.

According to Statistics Canada data, the total number of pigs born in Canada during the second half (July-to-December) of 2015 was estimated at 16,231,800 head, up 5.8 per cent from 15,341,700 pigs born during the second half of 2014. In Saskatchewan the number of pigs born in the second half of 2015 was estimated at 1,324,700 head, up 7.9 per cent from 1,227,600 pigs born in the second half of 2014.

In Canada, the number of sows bred to farrow in the first half (January-to-June) of 2016 is estimated at 1,302,600 head, up 2.0 per cent from 1,277,000 head over the same period (first half) in 2015. In Saskatchewan, the number of sows bred to farrow in the first half of 2016 is estimated at 107,700 head, up 2.8 per cent from 104,800 head during the first half of 2015. Breeding indications are projecting continued small growth in the Canadian hog industry for 2016.

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